

FFY 11 Low Income Home Energy Assistance Program (LIHEAP) Allocation Plan

September 22, 2010

OFFICE OF FISCAL ANALYSIS

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Pursuant to CGS Section 4-28b, the Governor has submitted for consideration a proposed block grant allocation plan for the Low Income Home Energy Assistance Program (LIHEAP) Block Grant.

Summary

The plan is based upon assumed 2011 available funding (\$72.0 million) that is \$46.3 million (39.1%) less than total funding available to the Department of Social Services in 2010 (\$118.3 million). The program as proposed will support benefits to an estimated 98,805 households.

Lower overall expenditures are predominantly achieved by reducing benefit levels; restricting eligibility to the Contingency Heating Assistance Program (CHAP); reducing support for program administration; and referring clients seeking heating system repair/replacement to DSS's Weatherization program (which received significant federal stimulus dollars). In FFY 10, 113,385 households received assistance (or 14,580 more than projected in FFY 11).

Population Served and Proposed Benefits Changes

The Connecticut Energy Assistance Program (CEAP) serves households whose incomes fall at or below 150% of the federal poverty guidelines (\$33,075 for a family of four) as well as elderly/disabled households with incomes between 150% and 200% of the federal poverty guidelines (\$44,100 for a family of four). CHAP serves low income households not otherwise eligible for CEAP.

The drop in the number of households to be served is primarily attributable to a proposal to limit eligibility under CHAP to households having incomes up to 200% of federal poverty guidelines (\$44,100 for a family of four). Last year, households with incomes up to 60% of the state median income were eligible for CHAP (\$60,986 for a family of four). Approximately 18,000 fewer families are expected to participate as a result of this policy change.

The number of CEAP-eligible households receiving benefits is assumed to increase in the coming heating season to 86,275 - an increase of 3,319 (or 4%) over the corresponding number in 2010.

Each of the following benefit types are proposed to be reduced from last year's levels: Basic, Renters, Crisis Assistance, and Safety Net Assistance. Details concerning these reductions are found on pages 4 and 5 of this document.

Funding

Congress has yet to finalize the appropriation for this program. As of September, the House had passed only two appropriations bills (Military/Veterans Affairs, Transportation/HUD), while the full Senate had not taken up any appropriations bills. Given this slow start, it is likely that a continuing resolution will need to be adopted to fund governmental operations beginning October 1, 2010.

A comparison of recently proposed **national** funding totals is presented below:

<i>In millions of \$</i>	FFY 10 Enacted	FFY 11 President	President v. FFY 10	FFY 11 Senate Approp. Committee	Sen. Approps. Comm. v. FFY 10
Block Grant*	4,500	2,500	(2,000)	2,700	(1,800)
Contingency Funding**	590	790	200	590	0
<i>Subtotal</i>	<i>5,090</i>	<i>3,290</i>	<i>(1,800)</i>	<i>3,290</i>	<i>(1,800)</i>
Mandatory Trigger/Energy Price Spikes***	-	2,000	2,000	2,000	2,000
TOTAL	5,090	5,290	200	5,290	200

*Regular appropriation - allocated to all states on the basis of a statutory formula.

**Contingency appropriation - allocated to one or more states at the administration's discretion.

***The President's proposed budget calls for setting aside \$2 billion to be released subject to changes in energy prices and Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp program) participation. This is also assumed in the Senate appropriations bill. However, no related legislation has been introduced to date.

A detailed summary of the allocation plan follows.

CONNECTICUT ENERGY ASSISTANCE PLAN (CEAP)

Federal Program Objective: Under LIHEAP, the federal government makes grants to states to assist eligible low-income households, particularly those with the lowest incomes that pay a high proportion of household income for home energy, primarily in meeting their immediate home energy needs. Supplemental Leveraging Funds may be awarded to states and other jurisdictions that provided additional benefits and services to Low-Income Home Energy Assistance Program (LIHEAP) eligible households beyond what could be provided with federal funds. The program also provides training and technical assistance to states and other jurisdictions administering the LIHEAP block grant program. The program was established in 1980 under the Home Energy Assistance Act, part of the Crude Oil Windfall Profit Tax Act of 1980.

Distribution of Funds: Funds are awarded to states, which then make payments directly to an eligible low-income household or, on behalf of such a household, to an energy supplier to assist in meeting the cost of home energy. Up to 10 percent of these funds may be used for state and local planning and administration.

Assumptions Used to Formulate LIHEAP Block Grant Plan: The Department of Social Services (DSS) assumes 2011 available funding (\$72.0 million) that is 39.1% less than federal funding available to DSS in 2010 (\$118.3 million). Please see table on last page for further details.

It should be noted that on 9/20/10, the Department of Health and Human Services announced the release of \$101 million in FFY 10 LIHEAP contingency funds. Connecticut's share of this total is \$2,110,000. These dollars may be carried forward for use in FFY 11. These dollars are not included in \$72.0 million figure.

CEAP Plan Highlights

(a) CEAP basic benefits are proposed to be lower than in 2010.

Income as % of Poverty*	FFY 08	FFY 09	FFY 10	FFY 11	FFY 11 v. FFY 10
<u>Vulnerable**</u>					
Level 1 (0 -100%)	\$675	\$925	\$880	\$675	(\$205)
Level 2 (101-125%)	\$580	\$830	\$785	\$575	(\$210)
Level 3 (126-150%)	\$485	\$735	\$690	\$475	(\$215)
Level 4 (151-200%)***	\$400	\$650	\$605	\$375	(\$230)
<u>Non-Vulnerable</u>					
Level 1 (0 -100%)	\$635	\$885	\$840	\$615	(\$225)
Level 2 (101-125%)	\$535	\$785	\$740	\$515	(\$225)
Level 3 (126-150%)	\$435	\$685	\$640	\$415	(\$225)
Level 4 (151-200%)***			See (g) below		

*Generally, liquid assets may not exceed \$10,000. However, if they do exceed \$10,000, a homeowner may still be eligible if the sum of the difference between their liquid assets and \$10,000 plus their gross income falls below income eligibility guidelines. Households that are categorically eligible (see page 5 of Plan) do not have to declare assets.

**A vulnerable household is one in which one or more members is elderly, disabled or under age six.

***Elderly/disabled households only.

(b) CEAP renter benefits* are proposed to be lower than in 2010. Rental assistance benefits are provided to households having annual gross incomes up to 150 % fpl, whose heating costs are included in their rent and who pay more than 30% of their gross income towards rent.

<u>Income % of Poverty*</u>	<u>FFY 08</u>	<u>FFY 09</u>	<u>FFY 10</u>	<u>FFY 11</u>	<u>FFY 11 vs. 10</u>
Level 1 (0-100%)	\$270	\$455	\$410	\$240	(\$170)
Level 2 (101-125%)	\$255	\$440	\$395	\$220	(\$175)
Level 3 (126-150%)	\$240	\$425	\$380	\$200	(\$180)

**Generally, liquid assets may not exceed \$7,000. However, if they do exceed \$7,000, a renter may still be eligible if the sum of the difference between their liquid assets and \$7,000 plus their gross income falls below income eligibility guidelines. Households that are categorically eligible (see page 5 of Plan) do not have to declare assets.*

(c) An expanded rental benefit is proposed to be continued for SNAP (Supplemental Nutrition Assistance Program, formerly Food Stamps) recipient households having annual gross incomes up to 150% fpl, whose heating costs are included in their rent who pay less than 30% of their gross income toward rent. A \$1 LIHEAP SNAP benefit will be paid to eligible households. This qualifies the household for greater SNAP benefits.

(d) Maximum crisis assistance benefits are proposed to be \$350. In 2010 these benefits were \$400 at maximum. Crisis benefits will continue to be restricted to households using a deliverable fuel.

(e) Assistance through the Safety Net Program will be decreased as compared to 2010. Benefits will be limited to households with incomes up to 150% fpl (200% elderly/disabled). Benefit amounts are proposed to be \$350 for non-vulnerable households (\$400 in 2010 Allocation Plan) and \$700 for vulnerable households (\$800 in 2010 Allocation Plan). Safety Net Assistance Benefits will continue to be restricted to households using a deliverable fuel. As in prior years, households must have a risk assessment determination completed (a review of income, liquid assets and expenditures) as an eligibility requirement.

(f) The department proposes to allocate \$750,000 for enhanced case management (aka "Assurance 16") activities. This is \$250,000 less than the amount dedicated to this purpose in 2010.

(g) The CEAP Plan proposes that the Contingency Heating Assistance Program (CHAP) basic benefit be \$275 (was \$580 in 2010) and that the CHAP crisis assistance benefit be \$350 (was \$400 in 2010). CHAP benefits are available to assist households with incomes up to 200% of the federal poverty level (\$44,100 for a family of four). In FFY 10 these benefits were available to households having up to 60% of the State Median Income (or \$60,986 for a family of four).

(h) The FFY 11 CEAP Plan eliminates funding for heating system repair/replacement. \$1 million was dedicated to this purpose in 2010. Clients in need of heating system repair/replacement will be referred to DSS's weatherization program, which has significant available dollars due to an influx of American Recovery and Reinvestment Act (ARRA) funding. The FFY 11 CEAP Plan does include \$150,000 for furnace clean, tune & test activities.

(i) Oil vendors will continue to receive the daily Oil Price Information Service (OPIS) Standard No. 2 Fuel Oil with 0.3 sulfur content, Gross No. 2 Distillate Price plus 31 cents per gallon plus a county differential, or the vendor's normal retail price, whichever is lower.

The 2011 proposed pricing schedule by county is as follows:

<u>County</u>	<u>Fixed Margin</u>	<u>County Price Differential</u>	<u>Fixed Margin Adjusted by County</u>
New Haven	\$0.31	\$0.017	\$0.327
Middlesex	\$0.31	\$0.033	\$0.343
Hartford	\$0.31	\$0.039	\$0.349
New London	\$0.31	\$0.042	\$0.352
Fairfield	\$0.31	\$0.043	\$0.353
Tolland	\$0.31	\$0.058	\$0.368
Litchfield	\$0.31	\$0.067	\$0.377
Windham	\$0.31	\$0.070	\$0.380

(j) The department proposes the following program dates:

November 1	First day for fuel deliveries which can be paid by the program./ First day for authorization of fuel deliveries.
March 15	Deadline for fuel authorizations or deliveries.
May 2	Last day a household can apply to establish eligibility for benefits (unless utility heated and has a shut off notice for primary heat source).
May 16	Last day a utility heated household with shut off notice for primary heat source can apply to establish eligibility for benefits.
May 31	Last day to submit deliverable fuel bills.

CEAP/LIHEAP
FFY 2011 ALLOCATION PLAN DETAIL

	FFY 10 Estimated Expenditures [1]	FFY 11 LIHEAP Plan [2]	\$ Change FY 11 Plan. vs. FY 10 Est.	% Change FY 11 Plan. vs. FY 10 Est.
<u>EXPENDITURES</u>				
CEAP Benefit Payments	96,721,180	64,895,114	(31,826,066)	-32.90%
LIHEAP Supplemental Nutrition Assistance Program (SNAP)	100,000	100,000	-	0.00%
CEAP Administration	9,271,920	6,146,850	(3,125,070)	-33.70%
Clean, Tune & Test	117,151	150,000	32,849	28.04%
Furnace Repair/Replacement	1,008,689	-	(1,008,689)	-100.00%
Assurance 16 Activities (Case Management)	1,000,000	750,000	(250,000)	-25.00%
TOTAL	108,218,940	72,041,964	(36,176,976)	-33.43%
<u>SOURCES OF FUNDS</u>				
LIHEAP Block Grant	96,941,803	52,675,663	(44,266,140)	-45.66%
Prior Year Carry Forward	12,201,039	10,573,463	(1,627,576)	-13.34%
LIHEAP Leveraging Award	371,815	-	(371,815)	-100.00%
LIHEAP Contingency Awards	8,792,838	8,792,838	-	0.00%
Other (Refunds)	9,544	-	(9,544)	-100.00%
TOTAL AVAILABLE	118,317,039	72,041,964	(46,275,075)	-39.11%

[1] As of 9/1/10; carry forward amount in allocation plan is based on earlier estimate.

[2] On 9/20/10, the Department of Health and Human Services announced the release of \$101 million in FFY 10 LIHEAP contingency funds. Connecticut's share of this total is \$2,110,000. These dollars may be carried forward for use in FFY 11. These dollars are not included in the table above.